

Accepted Manuscript

Title: The effect of macroeconomic announcements at a sectoral level in the US and European Union

Authors: Hamish D. Anderson, Faruk Balli, Cara Godber

PII: S0275-5319(17)30010-7

DOI: <http://dx.doi.org/doi:10.1016/j.ribaf.2017.07.095>

Reference: RIBAF 785

To appear in: *Research in International Business and Finance*

Received date: 2-1-2017

Accepted date: 3-7-2017

Please cite this article as: Anderson, Hamish D., Balli, Faruk, Godber, Cara, The effect of macroeconomic announcements at a sectoral level in the US and European Union. *Research in International Business and Finance* <http://dx.doi.org/10.1016/j.ribaf.2017.07.095>

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.



The effect of macroeconomic announcements at a sectoral level in the US and European Union

Hamish D. Anderson*
Massey University
H.D.Anderson@Massey.ac.nz
Faruk Balli
Massey University
F.Balli@Massey.ac.nz
Cara Godber
Massey University
Cara-G@windowslive.com

Abstract

This paper examines macroeconomic announcement shocks on United States (US) and European Union (EU) sectoral indices. We first examine unexpected (surprise) macroeconomic announcements and then decompose the surprise announcements further into positive and negative shocks. There are significant differences in announcement effects between the US and the EU markets with US macroeconomic announcements being more influential than EU announcements. Sector returns are more responsive to macroeconomic news shocks when decomposed into positive and negative components, as well as being more consistent with the predicted relationships. There is also some evidence of an asymmetric announcement reaction to positive and negative shocks. As sectors respond differently to the global and regional shocks this implies they are not fully integrated and indicates possible risk diversification.

JEL Classification: E44, G14

Keywords: Stock market; macroeconomic news; market expectations

Corresponding Author: School of Economics and Finance, Massey University, Private Bag 11-222, Palmerston North, New Zealand. Tel: +64 6 350 5799 Ext 84041, Fax: +64 6 350 5651.

Abstract

This paper examines macroeconomic announcement shocks on United States (US) and European Union (EU) sectoral indices. We first examine unexpected (surprise) macroeconomic announcements and then decompose the surprise announcements further into positive and negative shocks. There are significant differences in announcement effects between the US and the EU markets with US macroeconomic announcements being more influential than EU announcements. Sector returns are more responsive to macroeconomic news shocks when decomposed into positive and negative components, as well as being more consistent with the

Download English Version:

<https://daneshyari.com/en/article/7413911>

Download Persian Version:

<https://daneshyari.com/article/7413911>

[Daneshyari.com](https://daneshyari.com)